Follow These 5 Tips and Become Filthy Rich!

Description

The beginning of a new calendar year marks a good time to review your financial plans, goals, and objectives for a couple of reasons.

One is that the beginning of the year is often the time that many investors meet with their financial advisors — if they have one — to review the past year's performance and establish expectations for the upcoming year.

The second is that the annual deadline for Canadians to contribute to their RRSP in time to receive a full tax credit is the 60th day of the new year. For the 2017 tax year, this date happens to be March 1.

RRSP season can often serve as a humble reminder of how close — or far — investors are from their goals.

But when it comes to securing a comfortable — or even prosperous — financial future for yourself, the good news is that it isn't really all that complicated.

Financial planning doesn't even come close to the amount of technical know-how or mathematical proficiency required to come up with the latest advancements in artificial intelligence.

Follow these five simple steps, and you'll be thanking yourself later.

Start early!

Beginning to save for retirement at a young age is by far the single biggest contributor to any investor's financial success.

Setting aside $25,000 today to earn 10% per year will net you a cool $270,000 in 25 years' time. But if you'd invested that same $25,000 for just 10 years at 10%, you'd end up with about $65,000.

The difference of 300% is owing to the magic of compound interest.

Save, save, save…

If starting early is the first secret to accumulating wealth, the second would be to regularly make contributions to your investment portfolio.

The easiest and most reliable way to accomplish this is to set up an automatic contribution from your bank account to withdraw funds and deposit them into your investment account.

This removes the challenge of always trying to come up with a way to find the money when month-end rolls around.

Exercise discipline

This tip doesn't have anything to do with keeping up with the daily demands of your **Fitbit** tracker.

Rather it speaks to making the often difficult decision of foregoing spending today in favour of putting more money aside for the future.

Patience is a virtue

"Good things come to those who wait" is a famous quote that is very applicable to investing.

Particularly as the events of the last week have shown, it can be difficult sometimes to sit back and do nothing, but it's equally true that sometimes the best deals are the ones you never make.

Just ask someone who decided to get out of the market in 2009 about how they feel about that decision today.

Make sure you get a good return on your investments

This last part is hard but, if done properly, has the potential to be even more lucrative than starting early.

If you take that same $25,000 initial investment for 25 years, but instead of earning 10% on your money, you earn 14%, and that $270,000 becomes $660,000.

If you're looking for recent examples of investing success, you need look no further than shares of **Shopify Inc.** (TSX:SHOP)(NYSE:SHOP), which have gained more than 500% since the start of 2016.

Conclusion

No one said becoming rich was easy, but, as you can clearly see, it is completely within your control.

Start early and be smart with your money, and one day, you too can become Foolishly rich.

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